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C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000318

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SUBJECT: PRACTICAL CONCERNS, DISTRUST PREVENT PAN-BLUE UNITY

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

¶1. (C) Summary: On January 22, Kuomintang (KMT) Chairman Ma Ying-jeou and People First Party (PFP) Chairman James Soong signed a four-part agreement formalizing an alliance between the two parties. While Ma would probably prefer to let Soong and his party fade into obscurity, he can't do so without coming across as an ungracious bully. By agreeing with Soong to jointly nominate candidates for the December 2007 legislative elections, Ma is hoping to convince the public that he cares about the KMT's smaller pan-blue ally. That said, KMT legislative candidates don't welcome PFP competition for legislative nominations, and many KMT leaders believe Soong's crushing defeat in the Taipei mayoral race proves that pan-blue voters have already abandoned him. For their part, Soong and other PFP leaders doubt Ma's ability to force a reluctant KMT leadership to share nominations with PFP candidates. KMT interlocutors have suggested that the KMT could nominate seven to ten PFP candidates in the next LY election, and offer at-large seats or nominations in other districts to those KMT candidates displaced by PFP nominees. End Summary.

¶2. (C) On January 22, Ma and Soong signed a four-part agreement to formalize an alliance between the KMT and PFP. The agreement committed the two parties to cooperate in selecting the most electable candidates for the Legislative Yuan (LY) elections scheduled for December 2007. The agreement did not specify the selection criteria, which will be decided later. KMT legislator and Ma advisor Wu Yu-sheng, however, told AIT on February 6 that Ma signed the agreement not to secure Soong's political support, but to avoid giving the public the impression that the KMT was willing to ignore the plight of its smaller pan-blue ally. Soong's humiliating defeat in the December 2006 Taipei mayoral race revealed that he and the PFP no longer have a substantial following, and that pan-blue voters have already decided to unify behind KMT candidates. Although Ma might have preferred to ignore the powerless Soong and to let the PFP just fade away, Wu opined, he could not do so without coming across as a callous bully.

¶3. (C) Many KMT leaders do not support a KMT-PFP joint nomination mechanism, Wu told AIT, and some have faulted Ma for promising to trade something (legislative seats) for nothing (Soong's negligible political support). Because the new single-member-district legislative framework will cut the existing number of legislative seats in half, incumbent KMT

legislators and would-be candidates already face stiff competition from within the party itself, and don't welcome additional competition from an influx of PFP candidates, Wu remarked. But the problem really won't be that significant, he predicted, since only seven to ten PFP candidates would have any real chance of displacing a KMT candidate for a district election. Wu expressed confidence that those KMT candidates asked to step aside could be placated with an at-large (bufenqu) nomination, or with a job within a KMT presidential administration. Regardless of how the nomination-sharing scheme works out, Wu remarked, Ma will still have to figure out what to do with Soong. The KMT vice-chairmen will not accept Soong into their ranks, and Soong would be unlikely to accept any position subordinate to Ma, who he perceives as his junior. Ma's best option, Wu opined, was to name Soong as a "spiritual leader" of the pan-blue camp, or to offer him a prestigious, but powerless position within Ma's administration.

¶4. (C) PFP public affairs director and Soong advisor Liao Wen-chang told AIT on February 6 that Soong's December 2006 mayoral defeat and subsequent withdrawal from politics devastated the PFP, which is now "half-dead." The KMT and PFP are "almost re-unified," he continued, and only two things are keeping the PFP alive: the desire not to lose the government subsidy provided to all political parties with incumbent legislators, and lingering distrust of the KMT. According to Liao, only four PFP legislators would have any chance of securing a nomination over a KMT rival. They and others, including Soong, doubt Ma's ability to force the KMT to accept any nomination-sharing scheme. Liao added that, aside from the promise to share nominations, Ma has done precious little to welcome Soong and his followers back into the KMT camp. Until Ma extends that kind of welcome, Liao

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predicted, Soong and those loyal to him will be motivated to keep the shell of the PFP alive, to preserve whatever they can of their own political futures.  
YOUNG